

ANNUAL REPORT 2017



A higher standard



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THE TAA NZ BOARD

DECLARATION

The Board of Directors has pleasure in presenting the Annual Report for the activities of the Association for the 12 months ended 31 May 2017 representing the 54th Annual Report of the Association as an Incorporated Society.



PRESIDENT:
Mr Andrew Bowman, MNZIT, CMInstD
Managing Director
First Travel Group



VICE PRESIDENT:
Mr Mark Abbot, MNZIT
Chairman of Finance
Representing
House of Travel Holdings



DIRECTOR:
Wendy van Lieshout
General Manager
Atlantic and Pacific



DIRECTOR:
Brent Thomas
Commercial Director
House of Travel Holdings



DIRECTOR:
Mr John Willson, MNZIT
General Manager Retail
First Travel Group



DIRECTOR:
Simon McKearney
Executive General Manager
Helloworld Ltd

SECRETARIAT

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MEMBERSHIP SERVICES ADMINISTRATOR:

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 Email: darlya.redfern@taanz.org.nz

FINANCE MANAGER:

Ms Shelley Lancaster
 Email: shelley@taanz.org.nz

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LIFE MEMBERS:

Mr Andrew Bagnall, Auckland
 Mrs Anne Bouterey, MNZITT, Christchurch
 Mr Bob Christey, MNZITT, Hamilton
 Mr Peter Cox, OBE, FNZITT, Napier
 Mr Duncan Hamilton, OBE, ACA, FNZITT, Auckland
 Mr James Langton, MNZITT, Auckland

ADMINISTRATION ASSISTANT:

Mary Hall

SOLICITOR:

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AUDITOR:

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BANKERS:

ANZ

Mr John Morrison, MNZITT, AFNZIM, Wellington
 Mr Charles Spain, FNZITT, Auckland
 Mr Tim Tapper, FNZITT, Auckland
 Mr Peter Lowry MBE, FNZITT, Wellington
 Mr Murray Tanner, Auckland





TAANZ CHAIR- MAN'S REPORT

AUGUST 2017

As I begin to write this, I reflect upon another eventful year for our industry and **TAANZ**, my 11th as a director and first as President.

Despite some underlying tension, we have generally enjoyed a strong economy, creating a positive trading environment and an optimistic outlook. The International Air Transport Association (**IATA**) report that, globally, passenger traffic increased by 7.7%, with airline capacity increasing by 6.5% and load factor up by 1.0 percentage point to 81.9%. Locally, short-term departures reached a new high of 2,723,923, an increase of 7%. The **National BSP** in the calendar year-to-date also shows an increase of 7%. All of these factors point to a growing and thriving multi-billion dollar travel industry sector.

TAANZ delivered a modest surplus in this past financial year, adding to a healthy balance sheet, meaning members are backed by a strong, financially stable association. Membership numbers have remained relatively unchanged, however there has been a marked improvement in reported profitability. Recent steps introduced for members to provide 6 monthly financial reporting has further assisted in mitigating risk, evidenced by no defaults or claims during the year, making it the fourth year in a row that this has been the case. A tremendous result.

The commitment to elevating **qualification standards** also meant a continued focus on training and development, resulting in a 99% achievement against the benchmark, which is a very commendable effort. This bodes well for the future of the industry and also provides a meaningful pathway for young people choosing travel as a career. In support of this, it is pleasing to see the introduction of the *Rookie of the Year* and *Young Executive of the Year* as categories in the National Travel Industry Awards (**NTIA**).

In a similar vein, I'm delighted to acknowledge the recent appointment of Andrew Olsen as a director of **ServiceIQ**, a role that will enable him to champion our cause.

In my capacity as a director of the World Travel Agents Associations Alliance (**WTAAA**), our most recent board meeting in Cape Town in May was a very interesting forum and I'm pleased to report that the global travel agency community is united in their commitment to the issues that impact the trade worldwide, notably the appropriate interaction with **IATA** and airline members.

The **TAANZ board of directors** has continued its focus on providing strategic direction and strong governance on stakeholder matters. There has been ongoing discussions with **IATA**, both locally

and globally (via WTAAA), about the **NewGenISS** program, which is scheduled to be introduced in March 2018. In essence, it is a modernisation of the present settlement system, by providing additional options for accreditation;

1. Standard with no cash facility (new)
2. Standard with cash facility (current)
3. Multi-country (new)

Other elements include **Easy Pay**, which allows pay-as-you-go settlement by maintaining an account with pre-loaded credit, either cash or credit card; **A Remittance Holding Capacity**, which will set an agent sales limit to 100% of the three highest transmittal periods in the previous year; a **Global Default Insurance** option to cover the bond level required; and provision for **Agent Credit Card** use.

Also, as it stands today, there is a requirement to be **PCI DSS compliant** to have access to a cash facility.

In the year ahead, our goal is to be the clear voice of the industry by assuming a leadership position based on Advocacy, Education and Governance. To do this we must be relevant, responsive and connected. It is all about taking us to **A Higher Standard**.

An immediate priority is to conclude our discussions with IATA on the replacement of the **TAANZ/ IATA** agreement. This ends on 31 December 2018 and we have tabled a proposal based on a **Joint Bank Guarantee**, which leverages the strength of the TAANZ balance sheet, as a replacement financial security to allow for an orderly transition with little impact on members.

We will also take a lead role and watching brief on the implementation of **NewGenISS** to ensure members are fully aware of their options in order to evaluate the appropriate solution for them. In conjunction with this, assistance will also be provided to achieve **PCI DSS compliance** by the March deadline and the lobbying IATA for an extension if it is proven that this is not feasible.

As well, emphasis on the promotion and awareness of a **TAANZ Travel Agent** to the New Zealand public will be paramount, with a focus on showing our value to the consumer ranging from their money is safe to enjoying the service of friendly professionals.

On behalf of your board, we understand and respect that we represent all members and do so with your best interests in mind. We are acutely aware that your input and support is critical to our success and vital to our wellbeing, so I thank you for your ongoing commitment, it is much appreciated.

My special thanks also go out to the board of directors; Andrew, Darlya and Emmy at the TAANZ secretariat; Tom and Mary at the bonding authority and our lawyer, Andy Marshall, for all of their efforts and support over the last 12 months.

Best wishes



A handwritten signature in black ink, appearing to read 'Andrew Bowman'.

Andrew Bowman
President



CEO'S REPORT

The annual report provides a comprehensive assessment of all of TAANZ activities and business outputs. On Behalf of the TAANZ Board I am very pleased to report on TAANZ activities.

The passed financial year was a good one for TAANZ and its members. Travel agents continue to report increased customer numbers and consumer messaging by brands continues to promote the value and benefits of using a TAANZ travel agent in its many divergent and differentiated channels.

Membership of TAANZ is voluntary so it is pleasing to see that as Brands grow locations they choose TAANZ for the value and benefits it represents.

A very pleasing outcome of this last year was that again zero defaults or insolvencies were reported. We are now in the fourth year since a TAANZ member has defaulted and owed money to airlines. This level of stability is a testimony to the professionalism of our members and their acceptance of standards set by their brands and the trade association.

Travel and Tourism remains the number one GDP contributor to the New Zealand economy. The contribution by the travel agent sector is considerable. To maintain and sustain this effort we must continue to keep an eye on tomorrow's recruits and work with our wide industry stakeholders to ensure that the rewarding career of the travel agent continues to be promoted at school and our revised qualifications are readily delivered to those joining the sector and already in the workplace.

TAANZ primary objectives is to promote the use of a TAANZ Travel Agent to New Zealand travellers and public at large. In this last year we have made significant progress. Traveller feedback told us that the customer will use a trusted qualified travel agent which is supported by industry standards and rules.. We subsequently sought professional advice on how to take advantage of this feedback and were recommended a phased approach. In phase 1, we adapted our brand and tag line leading to budget approval for phase ii which is the roll out of an integrated co-opt digital marketing strategy including a short TVC. For this phase to succeed, we need a

supported approach to promoting the benefits of using a TAANZ Travel Agent and encourage all members to proudly and publicly display their TAANZ membership and the value this represents.

We've had another very busy year helping the government with its decisions to not impose further border control fees and levies. We fully expect travellers will continue to be targeted as an income stream and TAANZ will continue to oppose fees imposed on travellers into and out of New Zealand. You will have also seen our front line involvement in the complex South African visa matters which unfortunately remain unresolved and impacting your customers. Locally and globally through the WTAAA we continue to monitor the challenges presented by IATA's New Gen ISS programme. The programme in its original form has been heavily challenged and continues to be modified. There is heavy lifting ahead to ensure that travel agents can purchase and pay for tickets in ways that suit theirs' and their customers needs.



"Today our compliance rating of 99% tells us that you have placed time and effort into qualifications and training"
- Andrew Olsen

Just 5 short years ago we asked for your support on improving and increasing our qualification standards. Today our compliance rating of 99% tells us that you have placed time and effort into qualifications and training. The return on this is higher customer loyalty, lower error and error cost rates, highly engaged staff and lower turnover. You all should be very proud of this achievement.

It took us a while to get there but through the concerted efforts of the Board a significant rule amendment was made at the 2016 AGM removing the restrictions on how and in what way Brokers advertised. This change is indicative of the forward thinking of the Directors who acknowledge that the travel agency reach has and will continue to change and each piece has its part to play in giving consumers options on how they wish to be serviced.



A higher standard

NTIA had its 4th birthday in 2016 and was once again a tremendous industry celebration for everyone in attendance made more special for the deserving individuals and businesses who took out the awards. In each successive year we see more and more industry support for the awards. NTIA never sleeps and we have a full book of sponsors, additional categories and more to look forward to in 2017. We are indebted to our sponsors who make this event possible.

Financially TAANZ has returned a surplus result a little ahead of budget. This result was largely due to our living within our means with lower than budget expenses and favourable indirect taxation treatments. Our substantial investments continue to supplement your subscription income contribution.

Please refer to P. 11 for the audited consolidated financial results.

TAANZ is a small organisation acting in a think big space. We are greatly appreciative of the efforts of the staff who make this happen and the Directors who are heavily engaged in the many lobbying and advocacy matters that impinge on the sector. Finally, and importantly, to all members, we thank you for your continued support of the standards that TAANZ represents and which are now included in our adopted tag line 'a higher standard'. I wish all of you continued good business and look forward to seeing you all again at your brand conferences in the year ahead.



Andrew Olsen
TAANZ Chief Executive

10 YEAR MEMBERSHIP REVIEW

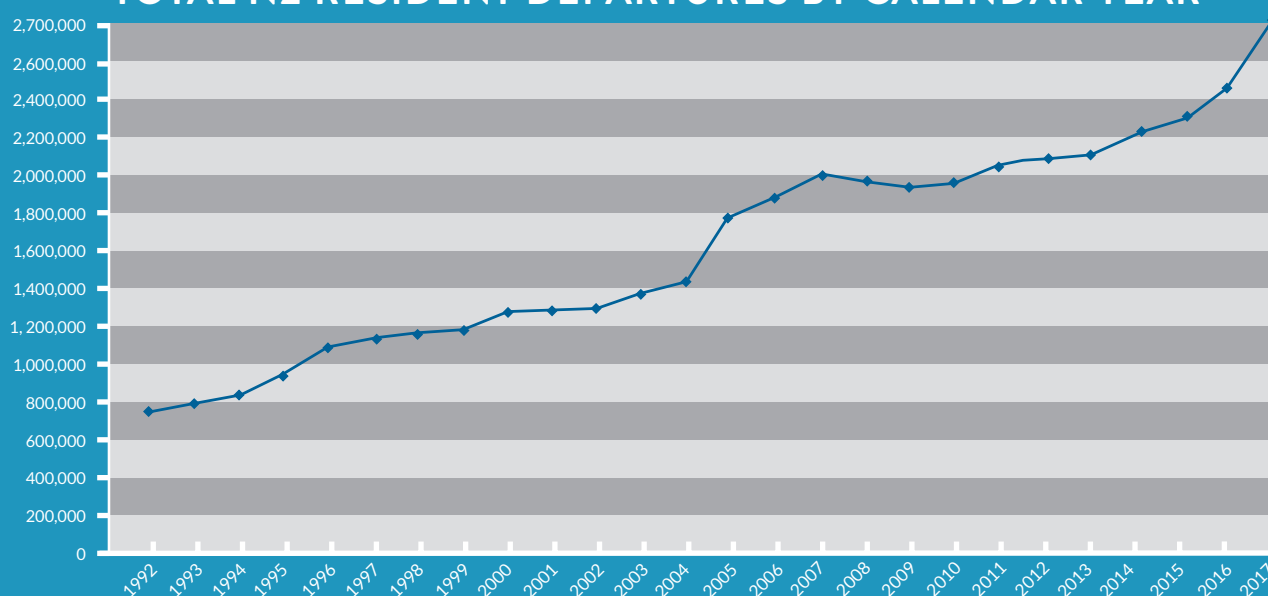
| | MAY 2007 | MAY 2008 | MAY 2009 | MAY 2010 | MAY 2011 | MAY 2012 | MAY 2013 | MAY 2014 | MAY 2015 | MAY 2016 | MAY 2017 |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| FULL MEMBER HEAD OFFICES | 396 | 380 | 364 | 342 | 331 | 317 | 314 | 304 | 303 | 294 | 281 |
| FULL MEMBER BRANCH LOCATIONS | 80 | 73 | 66 | 70 | 67 | 89 | 92 | 81 | 80 | 72 | 81 |
| TOTALS | 476 | 453 | 430 | 412 | 398 | 406 | 406 | 385 | 383 | 366 | 362 |
| APPROVED TRAVEL BROKERS | 314 | 324 | 315 | 401 | 431 | 476 | 522 | 533 | 564 | 402 | 434 |
| ALLIED SUPPLIER MEMBERS | 92 | 83 | 79 | 77 | 73 | 59 | 69 | 68 | 72 | 71 | 73 |

25 YEARS OF GROWTH

Total New Zealand Residents Departing (Short Term)
As at May

| | | | | | | | | | |
|------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|
| 1992 | 750,895 | 1997 | 1,131,682 | 2002 | 1,292,979 | 2007 | 1,996,314 | 2012 | 2,124,936 |
| 1993 | 799,659 | 1998 | 1,166,418 | 2003 | 1,373,632 | 2008 | 1,967,100 | 2013 | 2,162,918 |
| 1994 | 823,834 | 1999 | 1,184,510 | 2004 | 1,432,541 | 2009 | 1,918,300 | 2014 | 2,213,059 |
| 1995 | 920,107 | 2000 | 1,282,791 | 2005 | 1,777,939 | 2010 | 1,943,330 | 2015 | 2,321,054 |
| 1996 | 1,092,879 | 2001 | 1,286,593 | 2006 | 1,876,838 | 2011 | 2,037,091 | 2016 | 2,445,423 |
| | | | | | | | | 2017 | 2,723,923 |

TOTAL NZ RESIDENT DEPARTURES BY CALENDAR YEAR





PERFORMANCE REPORT

FOR THE YEAR ENDED
31 MAY 2017

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Independent Auditor's Report

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To the Members of Travel Agents Association of New Zealand Incorporated

Report on the Performance Report

Opinion

We have audited the performance report of Travel Agents Association of New Zealand Incorporated on pages 4 to 18, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 May 2017, the statement of financial position as at 31 May 2017, and notes to the Performance Report, including summary of significant accounting policies and other explanatory information.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the accompanying performance report presents fairly, in all material respects:
 - the entity information for the year then ended;
 - the service performance for the year then ended; and
 - the financial position of Travel Agents Association of New Zealand Incorporated as at 31 May 2017 and its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for Travel Agents Association of New Zealand Incorporated in the area of taxation compliance. The firm has no other interest in the Society.

Responsibilities of the Board Members for the Performance Report

The Board Members are responsible for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report on behalf of the entity which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued on New Zealand by the New Zealand Accounting Standards Board, and

- (c) for such internal control as the Board determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Board members are responsible on behalf of Travel Agents Association of New Zealand Incorporated for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

and using the going concern basis of accounting unless the Board either intends to liquidate Travel Agents Association of New Zealand Incorporated or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.

- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on use of our report

This report is made solely to the members of Travel Agents Association of New Zealand Incorporated as a collective body. Our audit work has been undertaken so that we might state to the members as a collective body, those matters which we are required to state to them in our audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the members as a collective body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership



B Smith

Partner

Wellington

27 July 2017

Travel Agents Association of New Zealand Incorporated

Entity Information

For the year ended
31 May 2017

| | |
|--|---|
| Legal Name of Entity: | Travel Agents Association of New Zealand Incorporated (TAANZ) |
| Type of Entity and Legal Basis (if any): | TAANZ Inc. is an Incorporated Society registered under the Incorporated Societies Act 1908. |
| Registration Number: | 220230 |

Entity's Purpose or Mission:

Formed in 1962, TAANZ is the trade association representing the vast majority of travel agents and their travel brokers operating in New Zealand. It's vision is to promote the use of a TAANZ Travel Agent to consumers and to act with purpose and clarity, sustaining a deregulated market place in which TAANZ members may conduct their business.

There is no government licensing for travel agents in New Zealand so TAANZ is a self-regulating organisation promoting quality standards, a Code of Ethics and Practice and to consumers, the use of a TAANZ travel agent. TAANZ members must meet strict membership and financial criteria and be subject to an annual financial review by an independent Bonding Authority. All TAANZ members participate in the TAANZ Bonding Scheme for the protection of the consumer. TAANZ works with training organisations and providers to ensure travel consultant industry training has the right content to enable them to service their customers, to understand new technology, the law and the travel industry at large. TAANZ interacts with supply partners and government agencies lobbying issues on its members' behalf. TAANZ is a signatory to the TAANZ IATA agreement's protection arrangements for airlines and the Association hosts the annual National Travel Industry Awards celebrating excellence in the multiple channels of agency and supplier distribution.

Entity Structure:

The management of the Association is vested in a Board of Directors which comprises of a President and Vice President who are elected by the Board, and not more than six other board members elected at the AGM. Board members hold office for two years, but can be eligible for re-election. The elected board have the power to co-opt up to three persons.

Currently the Association comprises a Chief Executive and a Communications and Membership Services Manager. The Association contracts out the bonding authority services.

Main Sources of the Entity's Cash and Resources:

53% of income is generated from membership subscriptions, entrance fees and bonding levies, 13% is from interest, dividends and investment activities and 10% from office recoveries and other income. The Association hosts a National Travel Industry Awards event which comprises 24% of income.

Contact details

| | |
|-------------------|--|
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| Postal Address: | P O Box 1888, Wellington |
| Phone/Fax: | 04 496 4884 |
| Email/Website: | www.taanz.org.nz |



Travel Agents Association of New Zealand Incorporated

Statement of Service Performance

For the year ended
31 May 2017

Description of the Entity's Outcomes

Key strategic objectives and outcomes TAANZ Inc. aims to achieve, influence and deliver include:

Qualification accreditation and compliance. Our aim is to elevate the professional standards of all TAANZ members. Qualifications and training are one of the instruments by which to do this. TAANZ is aware that its members benefit from staff obtaining qualifications in a number of facets; cost of error to business reduces and levels of engagement with employer and customer improves. TAANZ routinely measures the percentage of members who achieved the accreditation criteria set by TAANZ. In this year passed TAANZ members have helped the Association achieve its goals.

| | Actual This Year | Budget This Year | Actual Last Year |
|--|---------------------|---------------------|---------------------|
| Outcomes and measures of quality and objectives in respect to delivery | | | |
| Qualifications accreditation compliance | 99.96% | 93% | 93% |

Reduced instances of agent default. TAANZ continues to influence the compliance of its members' financial requirements setting a zero default level. TAANZ has introduced an additional layer of review for members with < 10M annual turnover to now present management accounts on a 6 monthly basis as well as the annual review. No agent defaults were recorded in the last financial year.

| | Actual This Year | Budget This Year | Actual Last Year |
|--|---------------------|---------------------|---------------------|
| Outcomes and measures of quality and objectives in respect to delivery | | | |
| Number of agency defaults | 0 | 0 | 0 |

Exposure of TAANZ funds. In conjunction with zero agency defaults, TAANZ objective to limit the exposure of funds paid in the instance of defaults to consumers and airlines to zero dollars. In the event of a default, TAANZ seeks full recovery of funds. TAANZ funds were not expended in any defaults in the last financial year.

| | Actual This Year | Budget This Year | Actual Last Year |
|--|------------------------|------------------------|------------------------|
| Outcomes and measures of quality and objectives in respect to delivery | | | |
| Paid to airlines arising from agency defaults | \$0 | \$0 | \$0 |
| Paid to consumers arising from agency defaults | \$0 | \$0 | \$0 |
| TAANZ funds not recovered | No recovery actions | No recovery actions | No recovery actions |

Professional standards – the code of ethics. TAANZ members abide by a code of ethics. In the event TAANZ receives a complaint from a customer of a TAANZ member the code is used to assess the conduct of the agent. Of the small amount of complaints received all members conduct was upheld. No committees were formed to investigate complaints. TAANZ successfully supported the few tribunal hearings arising in the last financial year.

| | Actual This Year | Budget This Year | Actual Last Year |
|--|---------------------|------------------------------|---------------------|
| Outcomes and measures of quality and objectives in respect to delivery | | | |
| Complaints received | 7 | Less than prior year | 10 |
| Complaints resolved | 7 | Less than prior year | 10 |
| Number of complaints investigated by Committee | 0 | 0 | 0 |
| Number of complaints successfully resolved at Tribunal | 0 | Any presented to Tribunal | 2 |



Membership and Bonding compliance. TAAZ members act according to a strict membership and bonding criteria. In the last financial year fewer members were fined for non-compliance, few agents were reported to IATA as non-compliant and only two agents were terminated for non-compliance.

| | Actual This Year | Budget This Year | Actual Last Year |
|--|---------------------|----------------------|---------------------|
| Outcomes and measures of quality and objectives in respect to delivery | | | |
| Agents fined for late Bonding returns | 10 | Less than prior year | 7 |
| Non-compliant agents reported end May | 6 | Less than prior year | 1 |
| Agents terminated for not meeting the Bonding Authority criteria | 2 | Less than prior year | 1 |

Approvals. TAAZ seeks to continue to increase the number of locations approved. Cognisant of changes in the distribution landscape (broker growth, consolidation of locations, increased branch locations and a modest growth rate of full members over time) TAAZ approvals were below expectation whilst resignations bettered expectation based on the prior year.

| | Actual This Year | Budget This Year | Actual Last Year |
|--|---------------------|---------------------|---------------------|
| Outcomes and measures of quality and objectives in respect to delivery | | | |
| Location approvals | 18 | More than last year | 24 |
| Location resignations | 22 | Less than last year | 36 |

The National Travel Industry Awards. Ticket sales met budget expectations defining the interest in participating and attending this TAAZ hosted annual national event for the travel and supplier industry.

| | Actual This Year | Budget This Year | Actual Last Year |
|--|---------------------|---------------------|---------------------|
| Outcomes and measures of quality and objectives in respect to delivery | | | |
| NTIA tickets sold | 585 | 590 | 590 |

Debtor Management. TAAZ is successfully working with its members to improve aged debt and cash at hand. Cash at hand is important to TAAZ ability to derive investment income to supplement subscription income. Bills paid in a timely manner is also an indication of acceptance of value.

| | Actual This Year | Budget This Year | Actual Last Year |
|--|---------------------|----------------------|---------------------|
| Outcomes and measures of quality and objectives in respect to delivery | | | |
| Debtor ageing cumulative days reduction | 23.9 | Less than prior year | 27.5 |

Travel Agents Association of New Zealand Incorporated

Consolidated Statement of Financial Performance

For the year ended
31 May 2017

| | Note | Actual This Year \$ | Actual Last Year \$ |
|---|------|---------------------------|---------------------------|
| Revenue | | | |
| Fees, subscriptions and other revenue from members | 1 | 438,534 | 487,881 |
| Revenue from providing goods or services | 1 | 197,996 | 170,723 |
| Interest, dividends and other investment revenue | 1 | 106,062 | 122,324 |
| Other revenue | 1 | 90,834 | 116,348 |
| Total Revenue | | 833,426 | 897,276 |
| Expenses | | | |
| Volunteer and employee related costs | 2 | 251,079 | 229,405 |
| Costs related to providing goods or services | 2 | 493,677 | 542,902 |
| Other expenses | 2 | 46,692 | 44,355 |
| Total Expenses | | 791,448 | 816,662 |
| Surplus/(Deficit) for the Year | | 41,978 | 80,614 |
| Taxation expense | | | (7,572) |
| Net Surplus/(Deficit) for the Year after tax | | 41,978 | 73,042 |

Travel Agents Association of New Zealand Incorporated

Consolidated Statement of Financial Position

As at
31 May 2017

| | Note | Actual This Year \$ | Actual Last Year \$ |
|---|-------|---------------------------|---------------------------|
| Assets | | | |
| Current Assets | | | |
| Bank accounts and cash | 3 | 449,059 | 572,463 |
| Debtors and prepayments | 3 | 44,854 | 73,867 |
| Other current assets | 3, 10 | 6,578,167 | 6,537,725 |
| Total Current Assets | | 7,072,080 | 7,184,055 |
| Non-Current Assets | | | |
| Property, plant and equipment | 4 | 9,532 | 8,079 |
| Intangible Assets | 5 | 16,633 | 20,200 |
| Investments | 3 | 392,373 | 392,373 |
| Total Non-Current Assets | | 418,538 | 420,652 |
| Total Assets | | 7,490,618 | 7,604,707 |
| Liabilities | | | |
| Current Liabilities | | | |
| Creditors and accrued expenses | 3 | 34,462 | 33,199 |
| Employee costs payable | 3 | 25,289 | 16,594 |
| Other current liabilities | 3, 10 | 4,247,071 | 4,413,095 |
| Total Current Liabilities | | 4,306,822 | 4,462,888 |
| Total Liabilities | | 4,306,822 | 4,462,888 |
| Total Assets less Total Liabilities (Net Assets) | | 3,183,794 | 3,141,816 |
| Accumulated Funds | | | |
| Accumulated surpluses or (deficits) | 6 | 1,933,794 | 1,891,816 |
| Airline and Consumer Funds | 6 | 1,250,000 | 1,250,000 |
| Total Accumulated Funds | | 3,183,794 | 3,141,816 |



Chief Executive

27 July 2017

Dated



Travel Agents Association of New Zealand Incorporated

Statement of Cash Flows

For the year ended
31 May 2017

| | Actual This Year \$ | Actual Last Year \$ |
|---|---------------------------|---------------------------|
| Cash Flows from Operating Activities | | |
| Cash was received from: | | |
| Fees, subscriptions and other receipts from members | 452,504 | 442,363 |
| Receipts from providing goods or services | 352,920 | 312,463 |
| Interest, dividends and other investment receipts | 106,062 | 132,627 |
| Cash was applied to: | | |
| Payments to suppliers and employees | 530,784 | 605,129 |
| Donations or grants paid | 241,938 | 225,357 |
| Net Cash Flows from Operating Activities | 138,764 | 56,967 |
| Cash flows from Investing and Financing Activities | | |
| Cash was received from: | | |
| Receipts from the sale of investments | 173,943 | 309,303 |
| Cash was applied to: | | |
| Payments to acquire property, plant and equipment | (8,288) | (29,665) |
| Payments to purchase investments | (427,823) | (153,887) |
| Net Cash Flows from Investing and Financing Activities | (262,168) | 125,751 |
| Net Increase / (Decrease) in Cash | (123,405) | 182,718 |
| Opening Cash | 572,463 | 389,746 |
| Closing Cash | 449,059 | 572,463 |
| This is represented by: | | |
| Bank Accounts and Cash | 449,059 | 572,463 |

Travel Agents Association of New Zealand Incorporated

Statement of Accounting Policies

For the year ended

31 May 2017

Basis of Preparation

Travel Agents Association of New Zealand Incorporated has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is for the Society, which also includes the operations of the Travel Agents Association Bonding Scheme which operates as a division of the Society. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

The financial statements are presented in New Zealand dollars (\$), which is the Group's national currency. All numbers presented here have been rounded to the nearest dollar unless otherwise stated.

Goods and Services Tax (GST)

The Travel Agents Association of New Zealand is registered for GST. All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Taxation

Taxation has been provided on the income earned by the Association on transactions outside of its membership. The Association is not liable for the tax on its dealings with members.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Revenue

Fees, subscriptions and other revenue from members: Fees, subscriptions and other revenue from members is recognised when invoiced.

Event Income: Event income is recognised when the event takes place.

Interest Income: Interest income is recognised on an accrual basis.

Other revenue: Airline contribution income is recognised when invoiced. Gains and losses on sale of investments are recognised when investments are sold. Claims recovery income is recognised when the security held by TAANZ is cashed following notification to the member that TAANZ is indemnified by the member for any losses it incurs in the settlement of airline and/or consumer claims.

Financial Instruments (Cash and Short Term Deposits)

The Entity uses non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, term deposits and debtors. The entity does not use derivative financial instruments. All financial instruments are recognised in the Statement of Financial Position at their fair value.

Investments

Investments in shares and bonds are valued at cost and reviewed for impairment.

Travel Agents Association of New Zealand Incorporated

Statement of Accounting Policies

For the year ended

31 May 2017

Property, plant and equipment

Property plant and equipment are recorded at historical cost less allowance for accumulated depreciation.

Depreciation

Depreciation is calculated on straight line basis at rates that will write off the cost of assets over their estimated useful life, which are as follows:

Furniture and fixtures - 5 years

Office Equipment - 2-5 years

Computer Software - 3 years

Leasehold Improvements - 6-7 years

Accounts Receivable

Receivables are stated at estimated realisable value after providing against debt where collection is doubtful. Bad debts are written off during the period in which they are identified.

Travel Agents Association of New Zealand Incorporated

Notes to the Performance Report

For the year ended
31 May 2017

Note 1 : Analysis of Revenue

| Revenue Item | Analysis | This Year | Last Year |
|--|------------------------------------|----------------|----------------|
| Fees, subscriptions and other revenue from members | | \$ | \$ |
| | Subscriptions and Entrance Fees | 328,039 | 343,291 |
| | Levies | 110,075 | 144,225 |
| | Fines | 420 | 365 |
| | Total | 438,534 | 487,881 |
| | | | |
| Revenue Item | Analysis | This Year | Last Year |
| Revenue from providing goods or services | | \$ | \$ |
| | Revenue from National Awards Event | 197,996 | 170,723 |
| | Total | 197,996 | 170,723 |
| | | | |
| Revenue Item | Analysis | This Year | Last Year |
| Interest, dividends and other investment revenue | | \$ | \$ |
| | Interest & Dividends | 106,062 | 122,324 |
| | Total | 106,062 | 122,324 |
| | | | |
| Revenue Item | Analysis | This Year | Last Year |
| Other revenue | | \$ | \$ |
| | Airline Contributions | 79,290 | 79,924 |
| | Claims recovery | 11,388 | 18,451 |
| | Realised gain on investments | - | 12,062 |
| | Realised loss on investments | - | - |
| | Other Income | 156 | 5,911 |
| | Total | 90,834 | 116,348 |

Travel Agents Association of New Zealand Incorporated

Notes to the Performance Report

For the year ended
31 May 2017

Note 2 : Analysis of Expenses

| Expense Item | Analysis | This Year \$ | Last Year \$ |
|--------------------------------------|--------------------|-----------------|-----------------|
| Volunteer and employee related costs | Salaries and Wages | 250,633 | 228,844 |
| | ACC levies | 446 | 561 |
| | Total | 251,079 | 229,405 |

| Expense Item | Analysis | This Year \$ | Last Year \$ |
|--|---|-----------------|-----------------|
| Costs related to providing goods or services | Bonding Authority Administration Expenses | 137,626 | 158,580 |
| | Directory and Information Guide | 6,000 | 6,000 |
| | General expenses | 942 | 798 |
| | Internet and website expenses | 2,296 | 2,230 |
| | Marketing | 7,249 | 2,006 |
| | Meeting and board expenses | 9,064 | 17,692 |
| | Members workshops and seminars | 4,657 | 7,185 |
| | NZITT expenses | 750 | 698 |
| | Expenses from National Awards event | 172,261 | 170,592 |
| | Other projects | 370 | 3,656 |
| | President and director fees | 35,308 | 41,498 |
| | Postage | 3,722 | 2,534 |
| | Printing and stationery | 3,936 | 2,610 |
| | Subscriptions and publications | 1,256 | 365 |
| | Tourism House Administration | 58,560 | 67,930 |
| | Telephones | 2,357 | 5,063 |
| | Travel expenses | 13,007 | 18,677 |
| | WTAAAA/UFTAA meetings* | 34,316 | 34,788 |
| | | | |
| | Total | 493,677 | 542,902 |

* World Travel Agents Associations Alliance and United Federation of Travel Agents Associations

| Expense Item | Analysis | This Year \$ | Last Year \$ |
|----------------|-----------------------------------|-----------------|-----------------|
| Other expenses | Audit Fees | 11,750 | 11,764 |
| | Annual report/AGM | 1,935 | 2,571 |
| | Amortisation | 8,317 | - |
| | Depreciation | 2,086 | 2,163 |
| | Claims and Expenses | 3,600 | - |
| | Insurance | 3,550 | 4,603 |
| | Kindred Association Meetings | 4,043 | 7,875 |
| | Legal and professional fees | 9,991 | 13,438 |
| | Other organisations subscriptions | 1,420 | 1,125 |
| | Brokerage Fees | - | 816 |
| | | | |
| | Total | 46,692 | 44,355 |

Travel Agents Association of New Zealand Incorporated

Notes to the Performance Report

For the year ended
31 May 2017

Note 3 : Analysis of Assets and Liabilities

| Asset Item | Analysis | This Year \$ | Last Year \$ |
|--------------------------------|---|------------------|------------------|
| Bank accounts and cash | ANZ Current Account 00 | 159,754 | 67,432 |
| | ANZ Current Account 26 | 94,080 | 132,037 |
| | ANZ Call Account 25 | 121,484 | 211,264 |
| | ANZ Call Account 27 | 62,228 | 150,171 |
| | BNZ Current Account | 11,413 | 11,459 |
| | Petty Cash | 100 | 100 |
| | Total | 449,059 | 572,463 |
| Asset Item | Analysis | This Year \$ | Last Year \$ |
| Debtors and prepayments | Accounts receivable | 23,702 | 52,047 |
| | Prepaid NTIA event costs | 21,152 | 21,820 |
| | Total | 44,854 | 73,867 |
| Asset Item | Analysis | This Year \$ | Last Year \$ |
| Other current assets | Short term deposits | 2,450,000 | 2,230,000 |
| | Member Deposits at BNZ | 4,023,322 | 4,197,265 |
| | GST receivable/(payable) | 621 | (145) |
| | Tax refund/(payable) | 32,826 | 31,289 |
| | Accrued interest income | 71,398 | 79,316 |
| | Total | 6,578,167 | 6,537,725 |
| Asset Item | Analysis | This Year \$ | Last Year \$ |
| Investments | Air New Zealand Shares | 438 | 438 |
| | Rabobank Securities | 139,875 | 139,875 |
| | BNZ Capital Notes | 150,000 | 150,000 |
| | Kiwibank Capital Funding | 100,000 | 100,000 |
| | Canterbury Mortgage Trust | 2,060 | 2,060 |
| | Total | 392,373 | 392,373 |
| Liability Item | Analysis | This Year \$ | Last Year \$ |
| Creditors and accrued expenses | Trade and other payables | 14,599 | 13,866 |
| | Accrued operating expenses | 19,863 | 19,333 |
| | Total | 34,462 | 33,199 |
| Liability Item | Analysis | This Year \$ | Last Year \$ |
| Employee costs payable | Holiday pay accrual | 21,952 | 14,742 |
| | Salaries earned but not yet paid | 3,337 | 1,852 |
| | Total | 25,289 | 16,594 |
| Liability Item | Analysis | This Year \$ | Last Year \$ |
| Other current liabilities | Member deposits and interest held at BNZ | 4,065,121 | 4,244,349 |
| | Income in advance (from sponsorship and ticket sales of NTIA event) | 181,950 | 168,746 |
| | Total | 4,247,071 | 4,413,095 |



Travel Agents Association of New Zealand Incorporated

Notes to the Performance Report

For the year ended
31 May 2017

Note 4 : Property, Plant and Equipment

| This Year | | | | | |
|------------------------------|-------------------------|--------------|-----------------|--|-------------------------|
| Asset Class | Opening Carrying Amount | Purchases | Sales/Disposals | Current Year Depreciation and Impairment | Closing Carrying Amount |
| Buildings | 5,782 | - | | 1,127 | 4,655 |
| Furniture and fixtures | - | | | | - |
| Computers & Office Equipment | 2,297 | 3,539 | - | 959 | 4,877 |
| Total | 8,079 | 3,539 | - | 2,086 | 9,532 |

| Last Year | | | | | |
|------------------------------|-------------------------|--------------|-----------------|--|-------------------------|
| Asset Class | Opening Carrying Amount | Purchases | Sales/Disposals | Current Year Depreciation and Impairment | Closing Carrying Amount |
| Buildings | | 6,627 | | 845 | 5,782 |
| Furniture and fixtures | | | | | - |
| Computers & Office Equipment | 777 | 2,838 | - | 1,318 | 2,297 |
| Total | 777 | 9,465 | - | 2,163 | 8,079 |

Note 5 : Intangible Assets

| This Year | | | | | |
|-----------------------------|-------------------------|--------------|-----------------|---------------------------|-------------------------|
| Asset Class | Opening Carrying Amount | Purchases | Sales/Disposals | Current Year Amortisation | Closing Carrying Amount |
| Intangible Assets (Website) | 20,200 | 4,750 | | 8,317 | 16,633 |
| Total | 20,200 | 4,750 | - | 8,317 | 16,633 |

| Last Year | | | | | |
|-----------------------------|-------------------------|---------------|-----------------|--|-------------------------|
| Asset Class | Opening Carrying Amount | Purchases | Sales/Disposals | Current Year Depreciation and Impairment | Closing Carrying Amount |
| Intangible Assets (Website) | - | 20,200 | | - | 20,200 |
| Total | - | 20,200 | - | - | 20,200 |

Travel Agents Association of New Zealand Incorporated

Notes to the Performance Report

For the year ended

31 May 2017

Note 6: Accumulated Funds

| This Year | | | |
|---------------------------------|---|---------------------------|-----------|
| Description | Accumulated Surpluses or Deficits | Airline/ Consumer Fund | Total |
| Opening Balance | 1,891,816 | 1,250,000 | 3,141,816 |
| Surplus/(Deficit) | 41,978 | | 41,978 |
| Funds received for claims | - | - | |
| Funds paid in or out for claims | 7,788 | (7,788) | |
| Transfer to/from Airline fund | (7,788) | 7,788 | |
| Closing Balance | 1,933,794 | 1,250,000 | 3,183,794 |

| Last Year | | | |
|---------------------------------|---|---------------------------|-----------|
| Description | Accumulated Surpluses or Deficits | Airline/ Consumer Fund | Total |
| Opening Balance | 2,318,774 | 750,000 | 3,068,774 |
| Surplus/(Deficit) | 73,042 | | 73,042 |
| Funds received for claims | (29,031) | 29,031 | |
| Funds paid in or out for claims | 10,580 | (10,580) | |
| Transfer to/from Airline fund | (481,549) | 481,549 | |
| Closing Balance | 1,891,816 | 1,250,000 | 3,141,816 |

Travel Agents Association of New Zealand Incorporated

Notes to the Performance Report

For the year ended

31 May 2017

Notes 7 - 14

Note 7: Administration Costs

It is expected that 50% of the 2016 administration costs relating to the Bonding Scheme will be recovered from the airlines (2016: 50%).

Note 8: Net Claims and Expenses

| | <i>Net cost/(income)</i> | |
|----------------------------|--------------------------|-----------------|
| <i>Member</i> | <i>2017</i> | <i>2016</i> |
| Greenwoods Corner Travel | 0 | 816 |
| United Travel St Heliers * | (7,369) | (19,291) |
| Eva Enterprises | (419) | 0 |
| Total | (7,788) | (18,475) |

* In 2016, there was \$29,030 recoverable from a security, less \$9,470 of expenses.

Note 9: TAANZ Airline and Consumer Funds

TAANZ and IATA have an agreement wherein IATA airlines are eligible to make claims on the TAANZ airline fund. No claim may exceed \$250,000. The total fund set aside for these purposes is \$1,000,000. The existing agreement commenced 1 January 2016 and will continue until 31 December 2017. TAANZ also provides a consumer fund to the value of \$250,000. The fund is available to satisfy approved consumer claims against a failed TAANZ member. \$250,000 is available in each case where a TAANZ member fails.

Note 10: Cash Bonds

The funds from members who have provided a cash bond are shown as investments totalling \$4,023,322 (2016: \$4,197,265). The corresponding liability including interest owed at the reporting date to such members is \$4,065,121 (2015: \$4,244,349), which includes \$41,799 accrued interest.

Note 11: Lease Commitments

The Association has a commitment to lease the office premises until 30 September 2019 (6 years). The rent from 1 March 2017 is \$2,968.80 per month. The Association also has a commitment to lease a photocopier for \$270 per month until November 2017.

| | <i>< 1 year</i> | <i>1-2 years</i> | <i>Total</i> |
|---|--------------------|------------------|--------------|
| The commitments (excluding GST) are as follows: | 36,197 | 11,436 | 47,633 |

Note 12: Auditor Remuneration

Total fees payable to Grant Thornton the auditor for the 2017 Financial Statements totalled \$11,750 (2016: \$11,450). Fees Payable to Grant Thornton for Tax advice provided totalled \$1,635 (2016: \$1,735) for the period. This is included within legal and professional fees.

Note 13: Contingent Liabilities

There are no contingent liabilities at year end (2016: Nil).

Note 14: Contingent Assets

There are no contingent assets at year end (2016: Nil).

Travel Agents Association of New Zealand Incorporated
Notes to the Performance Report
For the year ended
31 May 2017

Notes 15 - 17

Note 15 : Related Party Transactions

| Description of Related Party Relationship | Description of the Transaction (whether in cash or amount in kind) | This Year | Last Year | This Year | Last Year |
|---|---|-----------------------|--------------------|-----------------------|--------------------|
| | | \$ | \$ | \$ | \$ |
| Value of Transactions | Amount Outstanding | Value of Transactions | Amount Outstanding | Value of Transactions | Amount Outstanding |
| | | | | | |
| 2017: Nil (2016: BCD Travel is a related party through the Chairman of the Association.) | 2017: Nil (2016: BCD Travel invoices the Travel Agents Association for travel purchased on its behalf.) | - | 43,568 | - | - |

Note 16: Capital commitments

There are no capital commitments at reporting date (2016: Nil)

Note 17: Events After the Balance Date:

There have been no events subsequent to the reporting date that require disclosure (2016: Nil)



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